

## Message Text

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PAGE 01 STATE 026339  
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FM SECSTATE WASHDC

TO USMISSION GENEVA

C O N F I D E N T I A L STATE 026339

FOLLOWING REPEAT ISLAMABAD 1191 SENT DEPT INFO ANKARA,  
DEA WASHDC FEB 03.

QUOTE: C O N F I D E N T I A L ISLAMABAD 1191

E.O. 11652:GDS

TAGS: SNAR, PK,

SUBJECT: PAKISTAN'S LICIT OPIUM VEND SYSTEM

1. DEA/PAKISTAN HAS COMPILED A COMPLETE REPORT COVERING ALL THE LICENSED VENDS IN PAKISTAN INCLUDING COSTS OF LICENSES, COSTS OF LICIT OPIUM AND RETURNS TO LICENSED VENDORS FROM LICIT SALES. DEA/PAKISTAN HAS INCLUDED AN ECONOMIC ANALYSIS OF THE VEND SYSTEM. WE RECOMMEND THIS REPORT TO ANYONE WHO NEEDS TO UNDERSTAND THE COMPLEX SYSTEM OF CORRUPTION AND OFFICIALLY ENCOURAGED VIOLATION OF LAW WHICH IS A PART OF THE NARCOTICS VEND SYSTEM IN PAKISTAN. COPIES OF THE REPORT HAVE BEEN POUCHED TO DEA HEADQUARTERS AND TO STATE-S/NM.

2. ON PAPER, THE PUNJAB BOARD OF REVENUE AUTHORIZES THE LAHORE OPIUM ALKALOID FACTORY TO DISTRIBUTE SPECIFIED QUANTITIES OF OPIUM TO VENDORS THROUGH THE EXCISE AND TAX (E&T) DEPARTMENTS OF  
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THE FOUR PROVINCES. THESE PROVINCIAL E&T AUTHORITIES SOLICIT BIDS FOR LICENSES FOR SPECIFIC AMOUNTS OF OPIUM AND SPECIFIC LOCATIONS. THE VENDS BUY OPIUM FORM THE FACTORY AT THE FACTORY'S COST AND MUST SELL IT AT POSTED PRICES. THUS THE PROVINCIAL GOVERNMENT'S SOLE NKCOME IF FROM SALE OF THE LICENSES. PROVINCIAL E&T AUTH-ORITIES ARE DIRECTED BY LAW TO POLICE THE VENDORS FOR ADULTER-ATION,

SHORT WEIGHT, SALE AT CORRECT PRICE, AND SALE OF  
ILLICIT OPIUM AND OTHER NARCOTICS SUCH AS HASHISH.

3. SIMPLE ARITHMETIC PROVES THE TREMENDOUS FINANCIAL "SACRIFICES"  
WHICH THE SAME VENDORS UNDERTAKE IN ORDER TO PERFORM THIS  
"PUBLIC SERVICE" YEAR AFTER YEAR. FOR EXAMPLE, ON VENDOR PAID  
\$35,354 FOR HIS LICENSE AND \$681.75 FOR HIS QUOTA OF OPIUM. AT  
THE POSTED PRICE, HE GROSSED ABOUT \$2,400 FOR THIS OPIUM --  
SUFFERING A LOSS OF \$33,635.75 WITHOUT FIGURING HIS ORDINARY  
OVERHEAD AND OPERATING COSTS. DEA/PAKISTAN HAS COMPUTED THESE  
FIGURES FOR ALL OF THE 340 LICENSED VENDS IN PAKISTAN. THIS SHOWS  
A TOTAL PAPER LOSS TO THE VENDORS OF ABOUT \$2.25 MILLION  
ANNUALLY. ON PAPER, THE PROVINCIAL GOVERNMENTS APPEAR TO BE  
EARNING APPROXIMATELY \$3 MILLION PER YEAR FROM THE SALE OF  
LICENSES. IN FACT, WE CAN BE ASSURED THAT THESE VENDORS FAITHFULLY  
REGISTER ALL PAPER LOSSES FOR INCOME TAX PURPOSES AND THEREFORE  
DEPRIVE PAKISTAN OF MILLIONS OF DOLLARS IN INCOME TAXES AND ANY  
OPIUM SLAE FEES WHICH WOULD BE COLLECTED UNDER A REASONABLE  
SYSTEM OF ADDICT MAINTENANCE AND SUPPLY TO TRADITIONAL MEDICINE.

4. THE ABUSES OF THE PRESENT VEND SYSTEM ARE WELL KNOW THROUGH-  
OUT PROVINCIAL AND CENTRAL GOVERNMENTS. IN 1976 THE PNCB INVEST-  
IGATED AND RAIDED A NUMBER OF VENDS IN LAHORE. THIS LED TO A  
STRIKE AND DEMONSTRATIONS BY ALL THE VENDORS IN THAT CITY AND  
A PROTEST FROM THE PROVINCIAL E&T DEPARTMENT THAT PNCB WAS  
EXCEEDING ITS AUTHORITY. THE CASE WAS QUIETLY DROPPED. PNCB IS  
FULLY AWARE OF ILLEGAL PRACTICES BY VENDORS, BUT CONTINUE TO  
INVESTIGATE VIOLATIONS IN A SPORADIC MANNER. THE CHAIRMAN OF THE  
PNCB BELIEVES A CONCENTRATED ENFORCEMENT EFFORT AGAINST THE VENDS  
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WILL ONLY DRIVE THE TRADE UNDERGROUND AND SEVERELY DISRUPT THE  
TRADITIONAL MEDICINE INDUSTRY WHICH IS A VITAL PART OF LOCAL  
CULTURE. HE IS ENCOURAGING DEVELOPMENT OF A TRADITIONAL MEDICINE  
PHARMACOPOEIA IN ORDER TO DETERMINE HOW MUCH OPIUM IS REALLY  
REQUIRED FOR THIS PURPOSE. HE WOULD THEN HOPE TO DEVELOP A  
SYSTEM TO SUPPLY LEGITIMATE OPIATE REQUIREMENTS WHICH WOULD  
PERMIT ELIMANATION OF THE VEND SYSTEM. BYROADE  
UNQUOTE VANCE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
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**Disposition Date:** 22 May 2009  
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**Type:** TE  
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